



The Real Estate ANALYST

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Roy Wenzlick
Editor

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A concise easily digested periodic analysis based upon scientific research in real estate fundamentals and trends....Constantly measuring and reporting the basic economic factors responsible for changes in trends and values....Current Studies Surveys....Forecasts

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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

THE BUSINESS OUTLOOK

THE twenty-four charts on pages 166-169 cover many of the basic barometers of business activity in the United States, including production, employment, wages, cost of living, sales, check transactions, stock prices, construction, real estate, etc. All of the charts show the fluctuations for the period from January 1937 to the last month for which figures are available. On a few of the charts, quarterly figures only are available in the earlier period but on all charts monthly figures are shown during the last few years.

The first chart shows industrial production which has passed its peak and which will continue to drop during the balance of the year. Iron andssteel output will probably move sideways during the balance of 1944 as will war expenditures. Freight carloadings have probably reached their peak and will decline slightly as the year progresses.

Nonagricultural employment has probably passed its peak and will decline slightly during the balance of the year. Construction employment has already dropped by very large percentages and will continue to drop during 1944.

Government employment has, we hope, passed the peak. We should like to see this line drop rapidly. Transportation and public utilities employment will increase slightly and then drop in the last two or three months of the year.

The cost of living has been moving sideways during the past year while wages and hourly earnings in manufacturing establishments have continued upward. Wages will continue upward during the balance of the year but not at so rapid a rate.

Department store sales are probably at the peak. Industrial stock prices would normally have a technical downward reaction but there is probably enough money seeking investment to prevent much of a drop. The post-war level of stock prices will probably be considerably higher than the level at present.

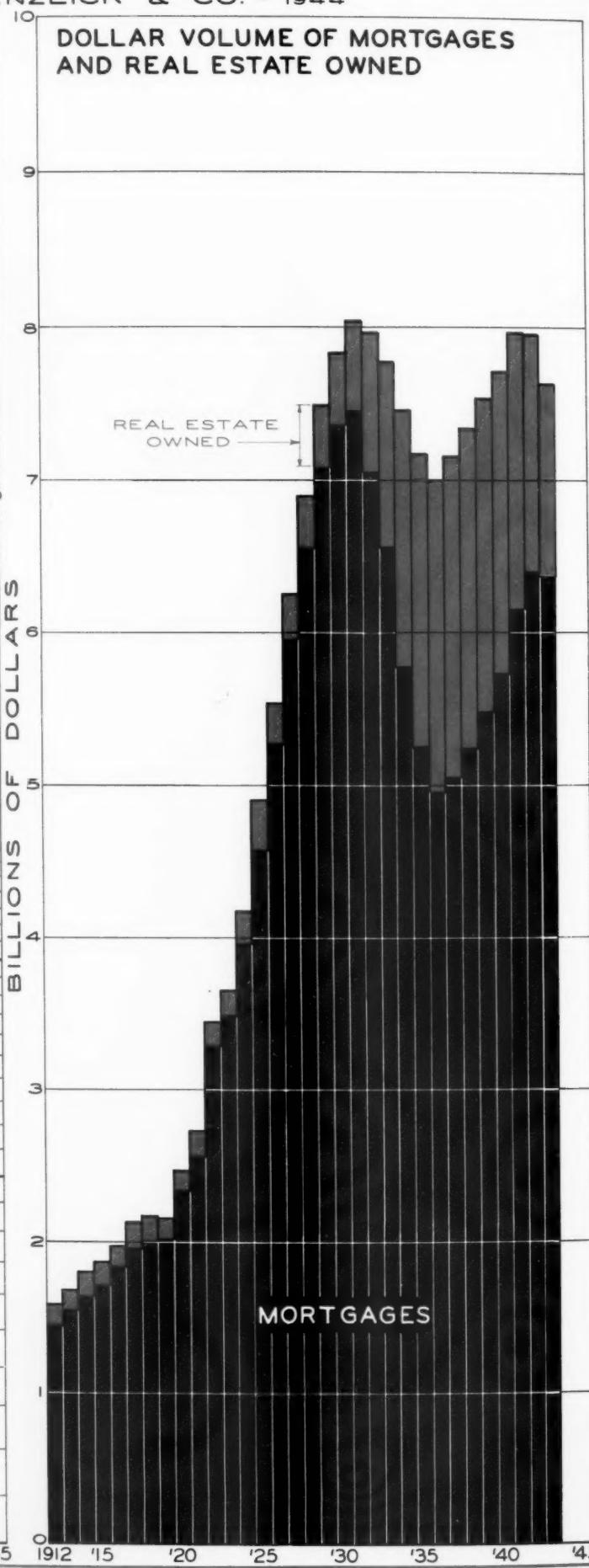
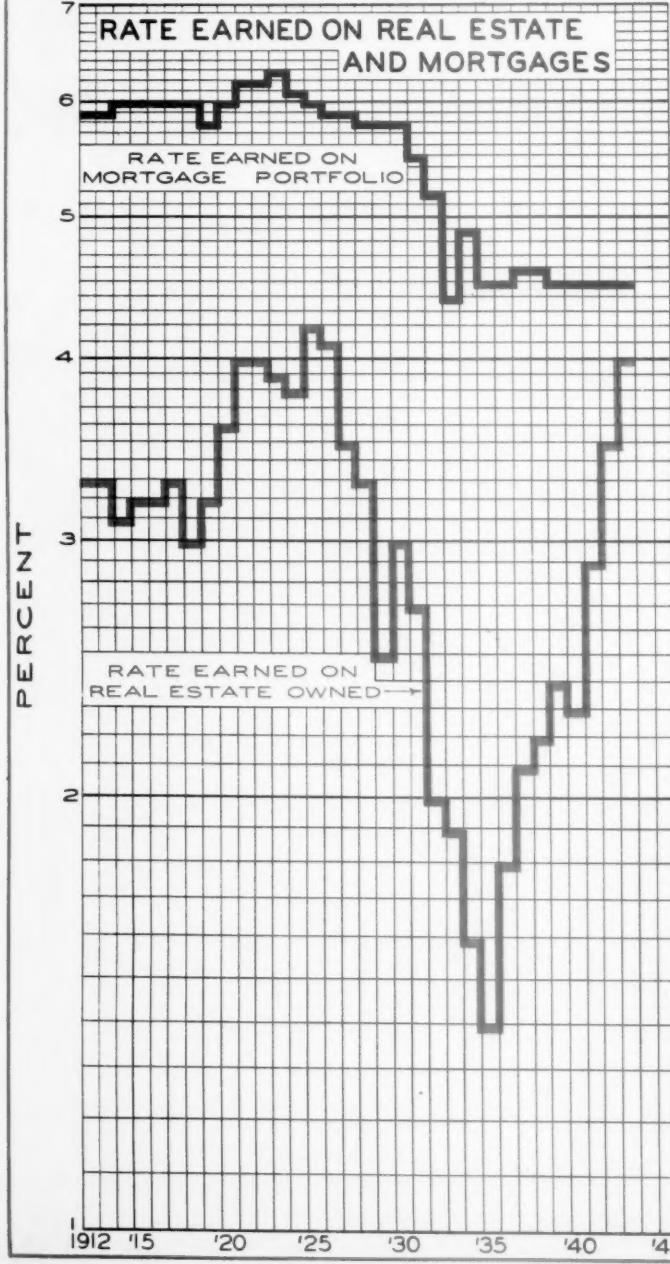
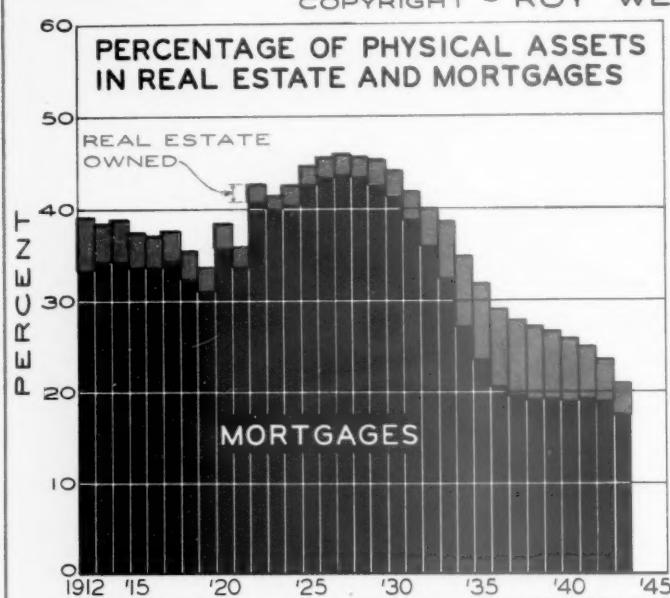
Commodity prices have moved sideways during the past year; wholesale building material prices and lumber prices have moved upward during this period.

New residential building has almost disappeared but will drop further during the balance of 1944. Real estate activity is quite high and will remain so. Foreclosures have almost disappeared and will continue to stay low during 1944. Real estate mortgage activity will increase slightly further during the year.

LIFE INSURANCE COMPANIES AS MORTGAGEES

BASED ON THE RECORDS OF THE 109 LARGEST COMPANIES IN THE UNITED STATES

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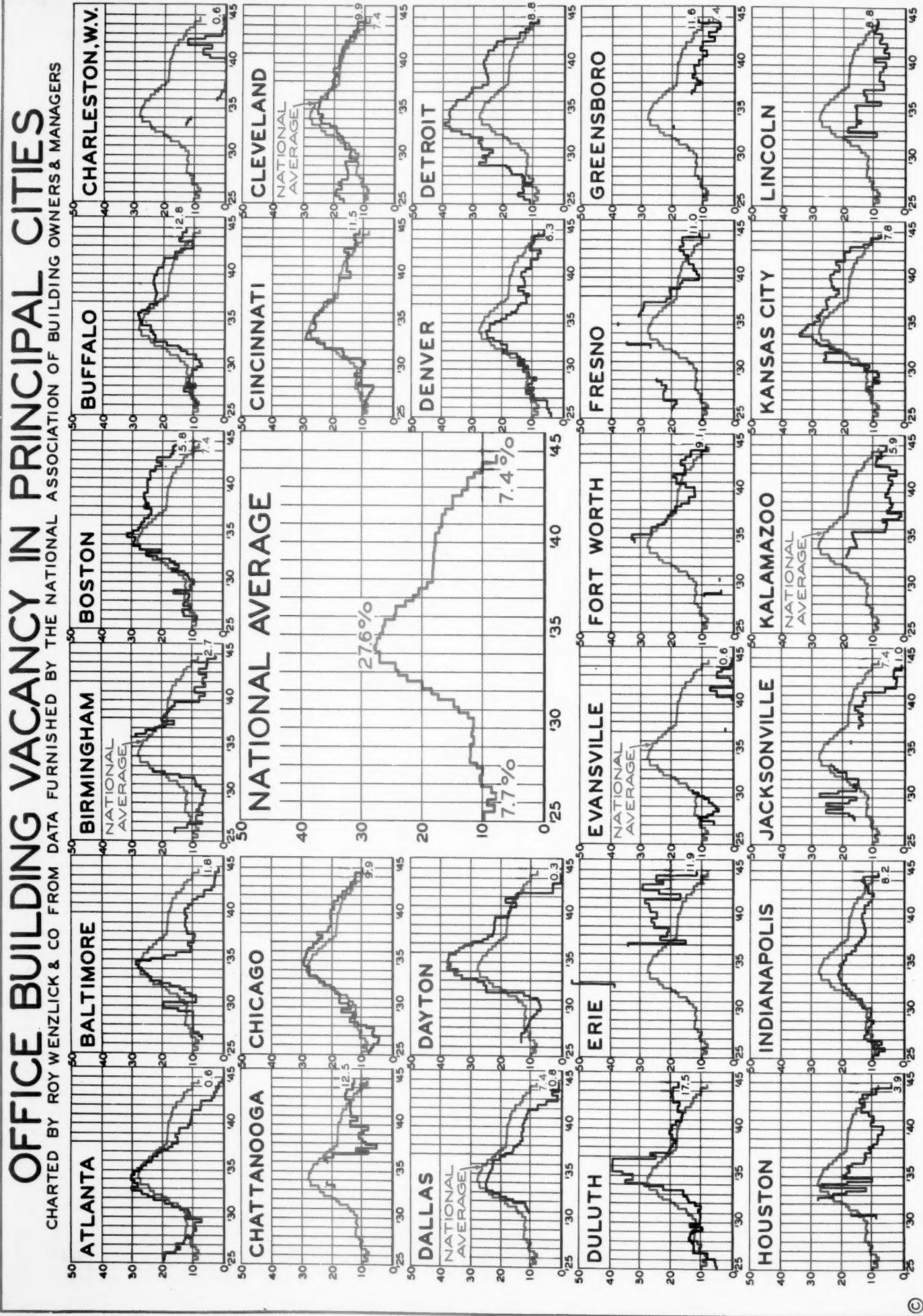


EARNINGS OF "LIFE INSURANCE REAL ESTATE" INCREASE

THE table below and the charts opposite show that the earnings on real estate owned by the 101 largest life insurance companies increased from 3.5% in 1942 to 4.0% in 1943. During the past three years the earnings on real estate have increased by 74%, bringing the earning level considerably above the earnings on FHA debentures. The rate earned on mortgages of these companies has remained constant at 4.5% for the last five years. The percentage of assets invested in mortgages declined, and the dollar volume of mortgages decreased. The dollar volume of real estate owned decreased during the past year by 19.2%.

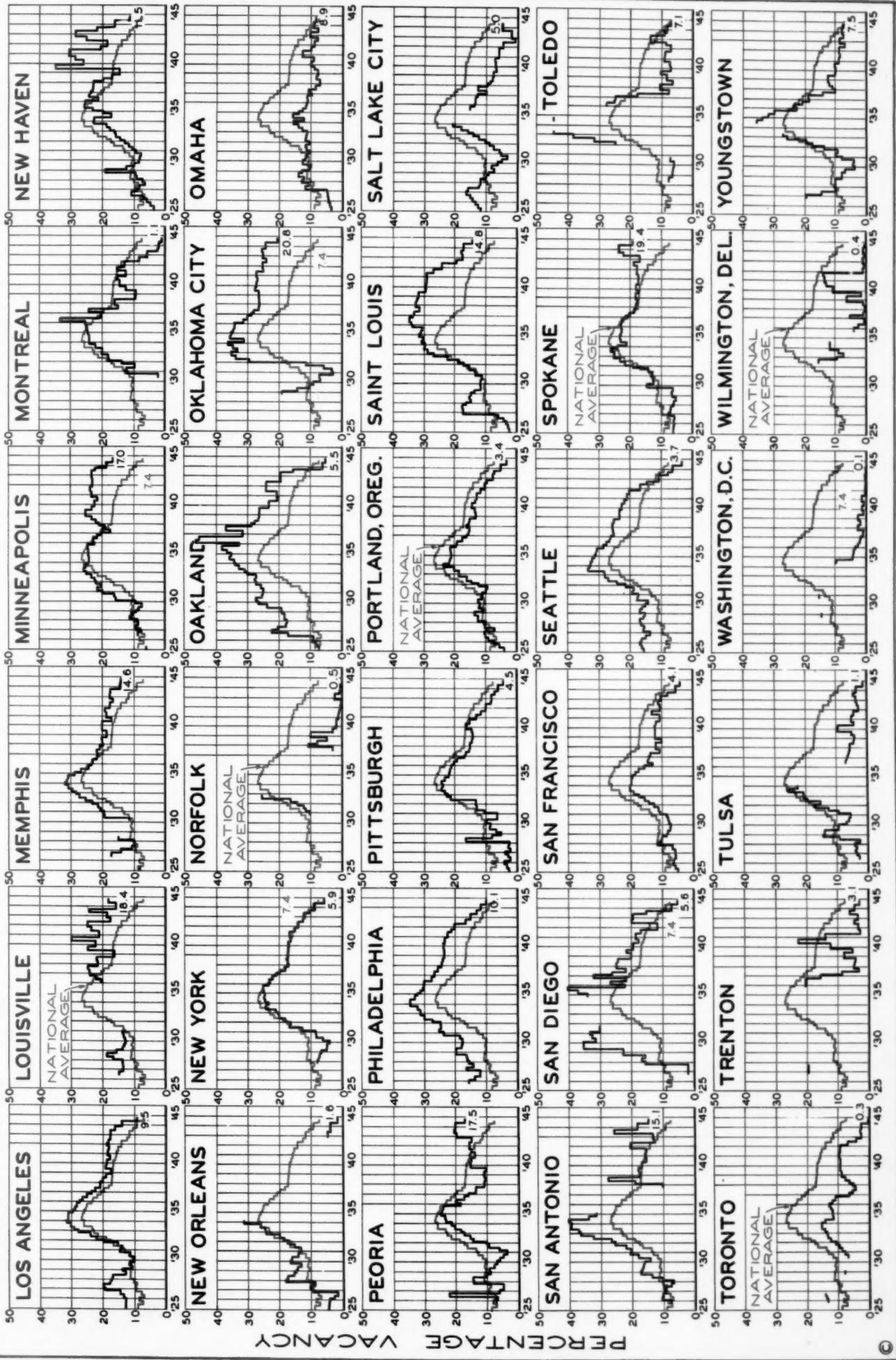
Year	REAL ESTATE MORTGAGES			REAL ESTATE OWNED			GROSS ASSETS	
	Amount*	% Assets	Rate Earned	Amount*	Assets	Rate Earned	Amount*	
1912	\$1,428,408	33.2	5.9	\$160,546	5.9	3.3	\$4,278,567	
1913	1,554,163	34.2	5.9	136,780	4.4	3.3	4,532,916	
1914	1,645,283	34.2	6.0	153,536	4.5	3.1	4,810,508	
1915	1,716,342	33.6	6.0	154,297	3.8	3.2	5,056,680	
1916	1,823,658	33.6	6.0	154,762	3.5	3.2	5,438,405	
1917	1,951,504	34.2	6.0	168,191	3.5	3.3	5,812,235	
1918	2,000,864	32.2	6.0	167,979	3.1	3.0	6,265,434	
1919	2,009,362	31.0	5.8	153,346	2.7	3.2	6,608,312	
1920	2,332,439	35.5	6.0	153,255	2.7	3.6	6,655,894	
1921	2,573,821	33.5	6.2	162,582	2.4	4.0	7,741,267	
1922	3,297,285	40.6	6.2	167,996	2.2	4.0	8,421,028	
1923	3,482,881	39.1	6.3	182,670	2.2	3.9	9,165,167	
1924	3,993,230	40.6	6.1	204,120	2.1	3.8	10,121,992	
1925	4,582,281	42.6	6.0	223,452	2.1	4.2	11,129,064	
1926	5,283,927	43.5	5.9	253,933	2.1	4.1	12,466,149	
1927	5,962,158	43.0	5.9	298,606	2.2	3.5	13,890,188	
1928	6,555,276	42.6	5.7	351,878	2.3	3.3	15,471,299	
1929	7,091,613	42.0	5.7	400,914	2.4	2.5	16,883,283	
1930	7,364,000	40.8	5.7	461,949	2.6	3.0	18,077,297	
1931	7,441,593	38.0	5.5	598,702	3.1	2.7	19,567,235	
1932	7,165,656	35.4	5.2	846,179	4.2	2.0	20,219,265	
1933	6,610,718	32.2	4.4	1,224,064	5.9	1.9	20,580,888	
1934	5,827,270	27.1	4.9	1,704,119	7.9	1.6	21,479,234	
1935	5,272,707	23.2	4.5	1,911,016	8.4	1.4	22,715,209	
1936	4,960,385	20.4	4.5	2,056,667	8.5	1.8	24,288,552	
1937	5,055,338	19.7	4.6	2,096,042	8.1	2.1	25,708,928	
1938	5,262,537	19.4	4.6	2,089,890	7.7	2.2	27,150,640	
1939	5,480,635	19.2	4.5	2,054,528	7.2	2.4	28,516,282	
1940	5,746,396	19.1	4.5	1,979,710	6.6	2.3	30,040,224	
1941	6,171,303	19.3	4.5	1,790,001	5.6	2.9	31,548,782	
1942	6,399,808	18.9	4.5	1,554,732	4.6	3.5	33,823,517	
1943	6,371,705	17.5	4.5	1,256,957	3.4	4.0	36,507,697	

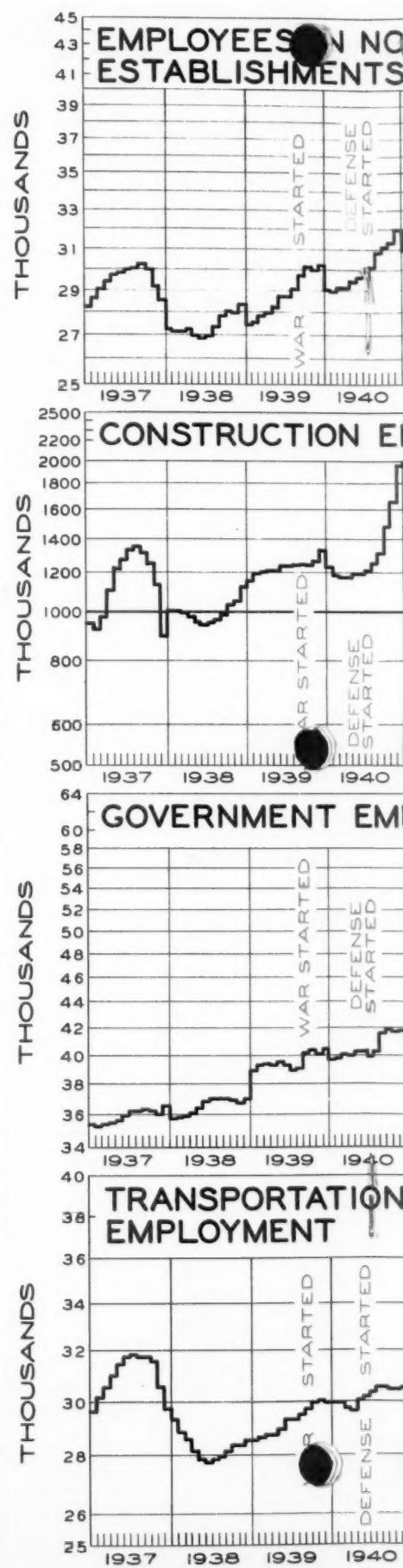
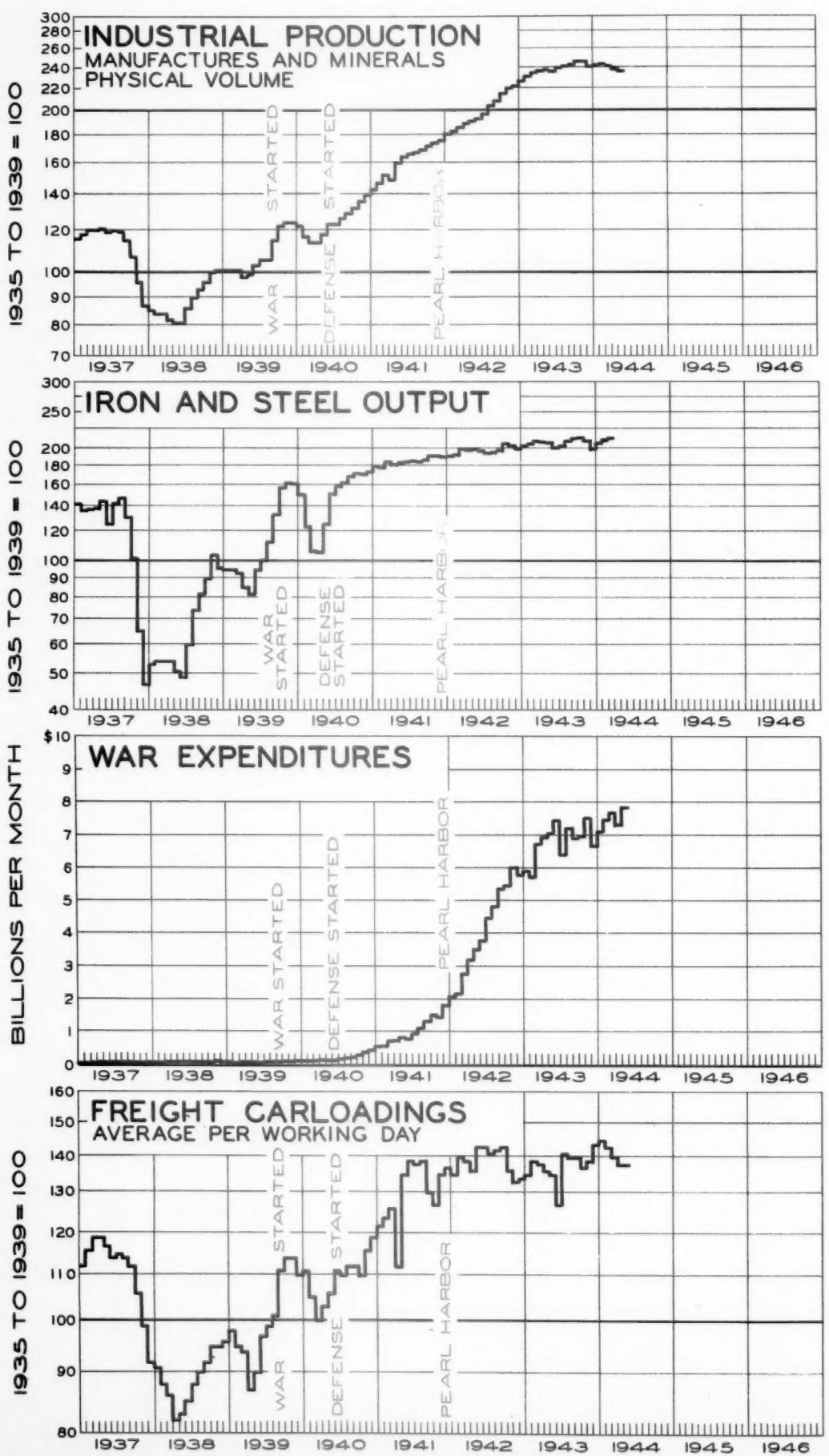
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OFFICE BUILDING VACANCY IN PRINCIPAL CITIES

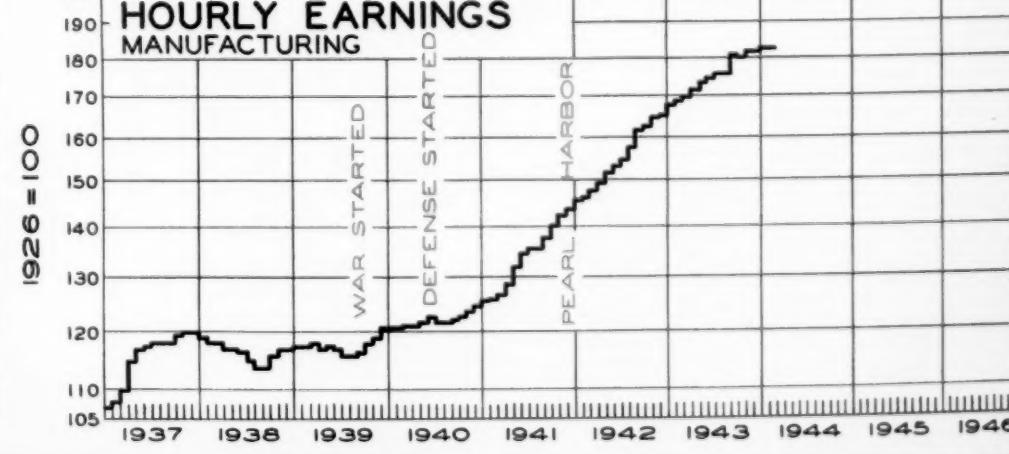
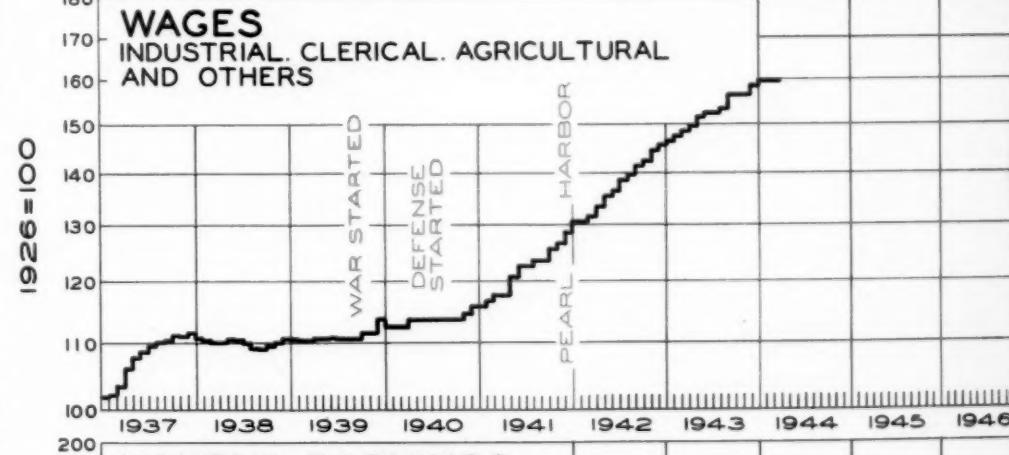
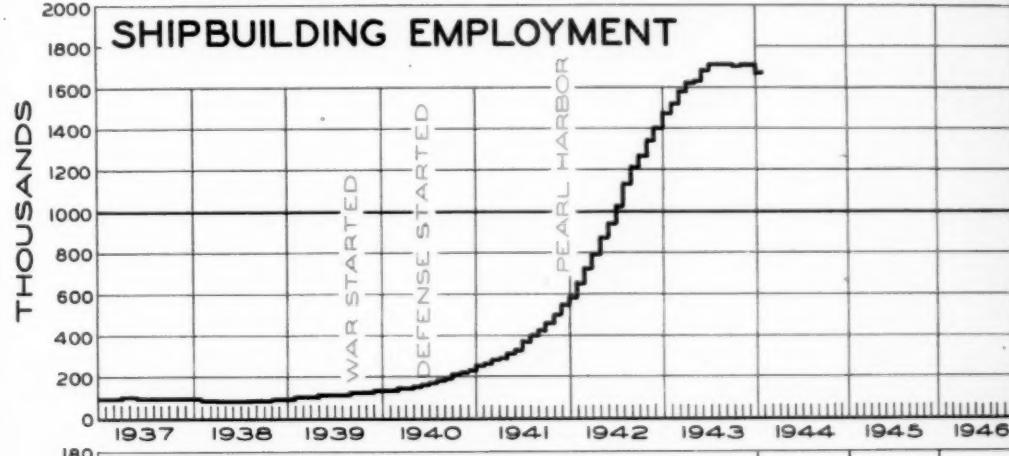
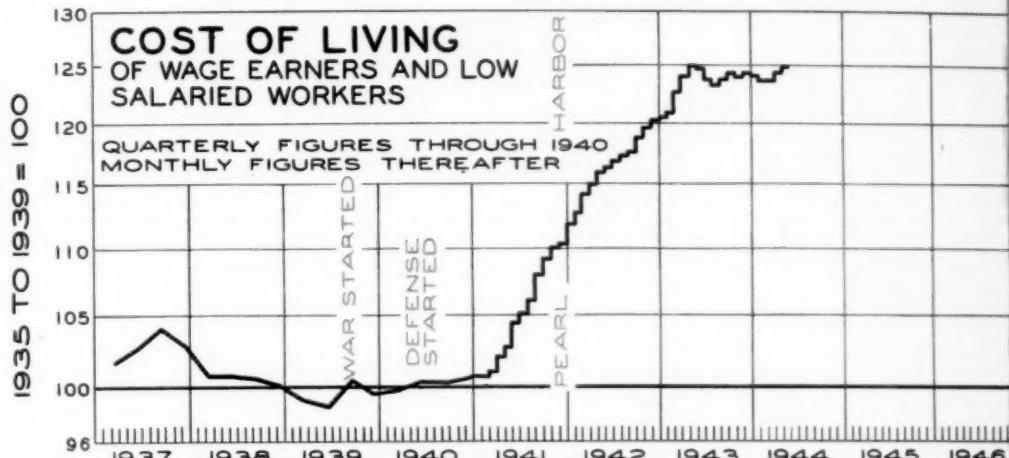
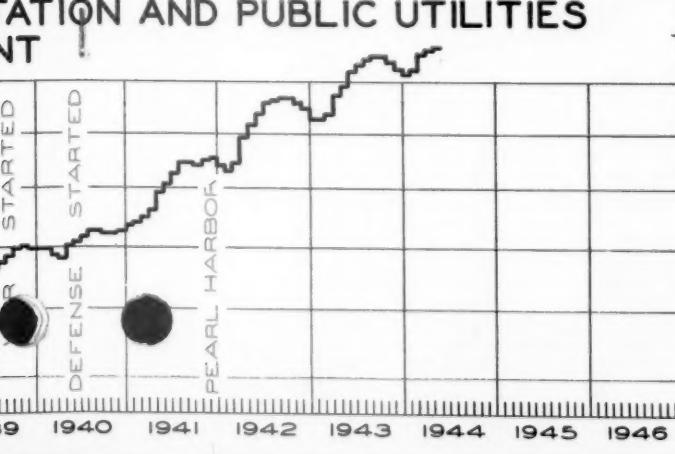
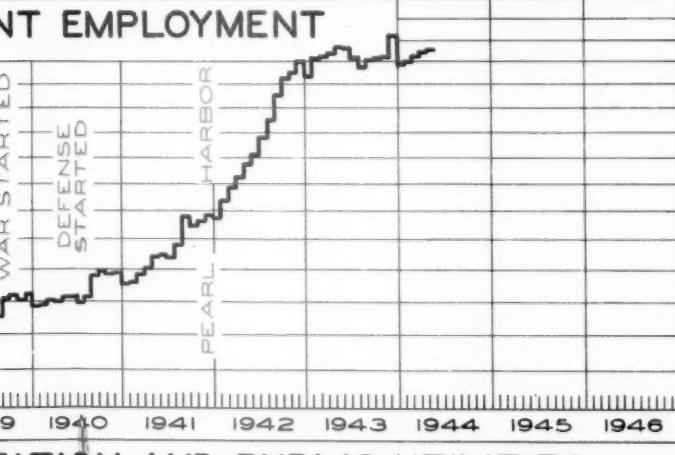
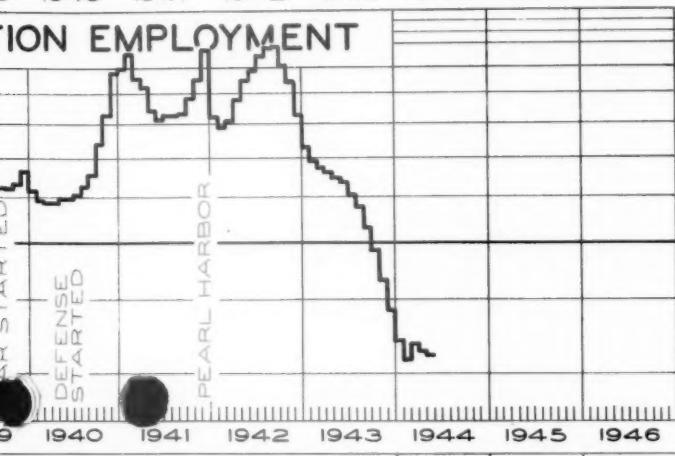
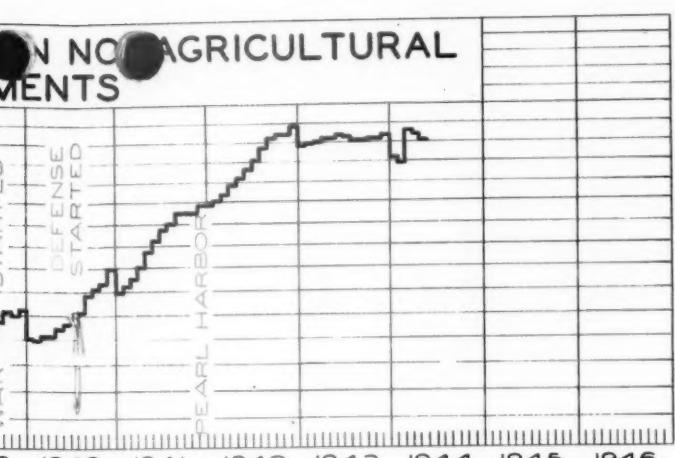
CHARTED BY ROY WENZLICK & CO FROM DATA FURNISHED BY THE NATIONAL ASSOCIATION OF BUILDING OWNERS & MANAGERS





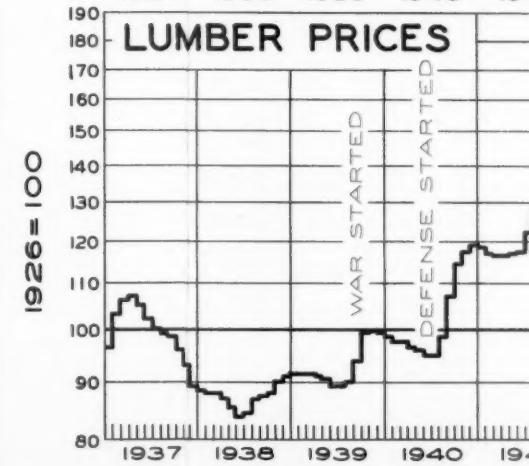
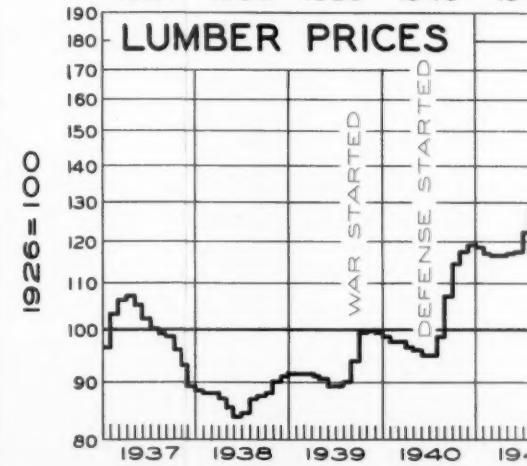
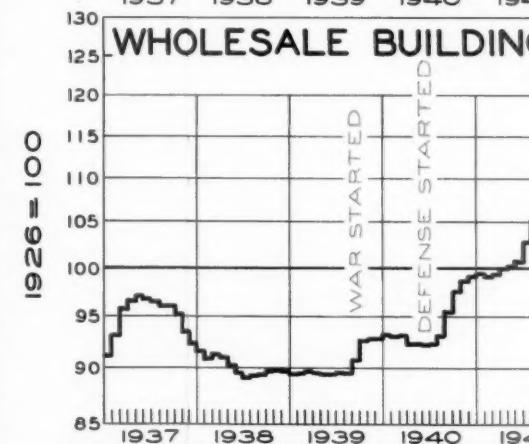
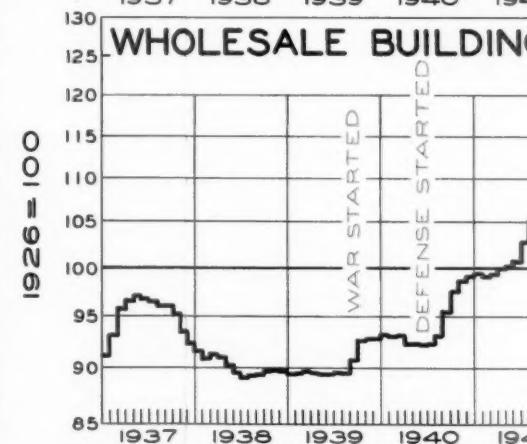
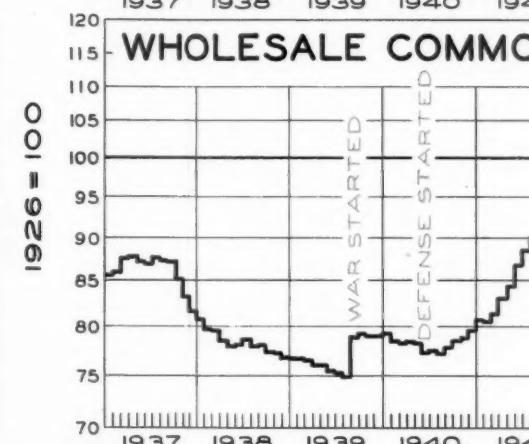
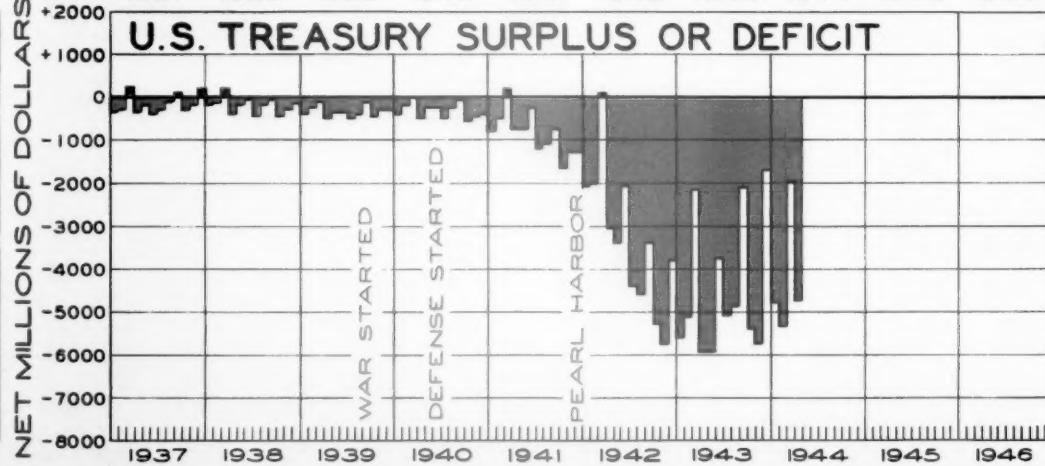
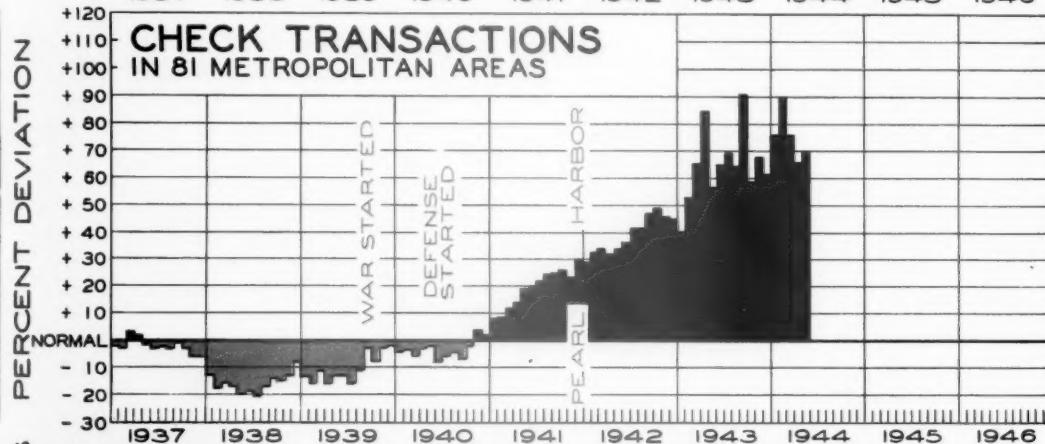
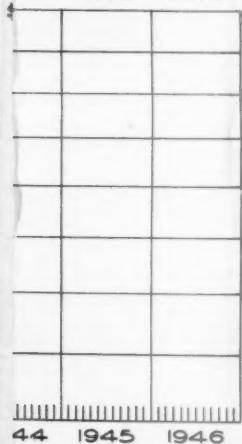
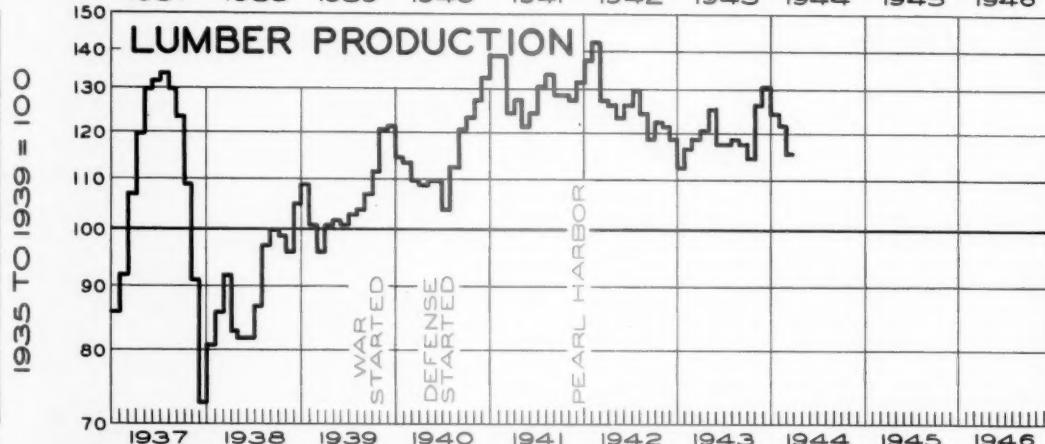
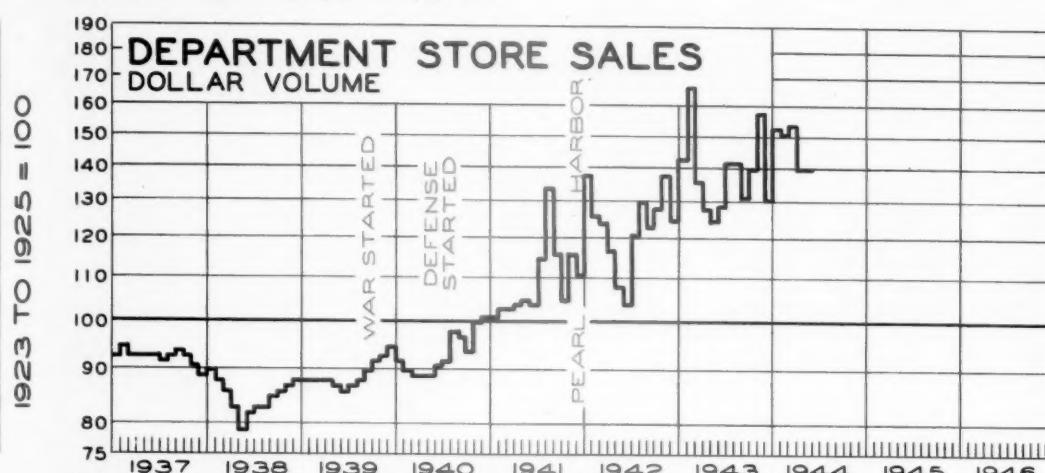
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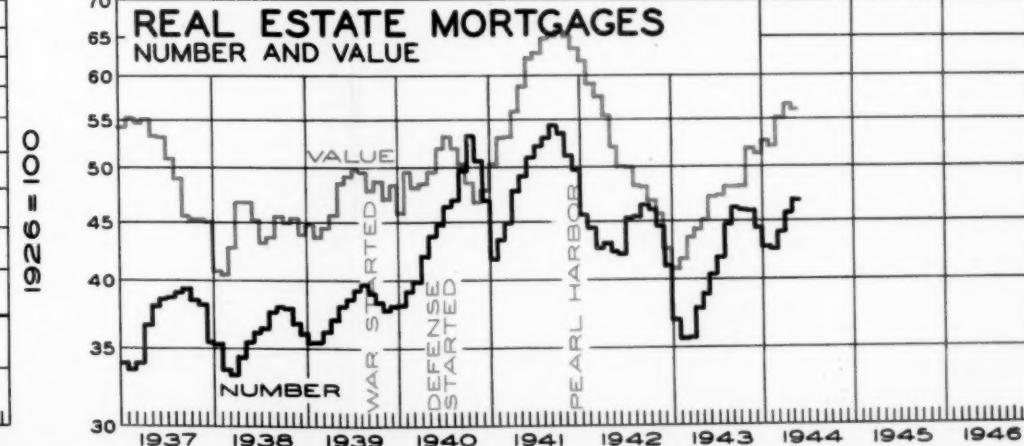
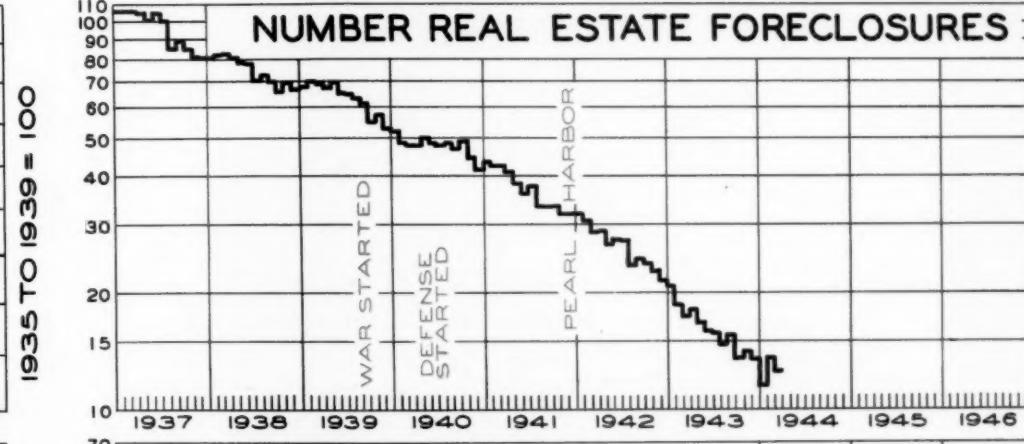
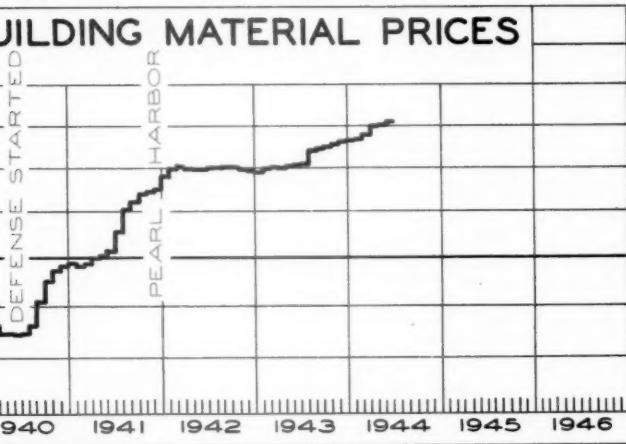
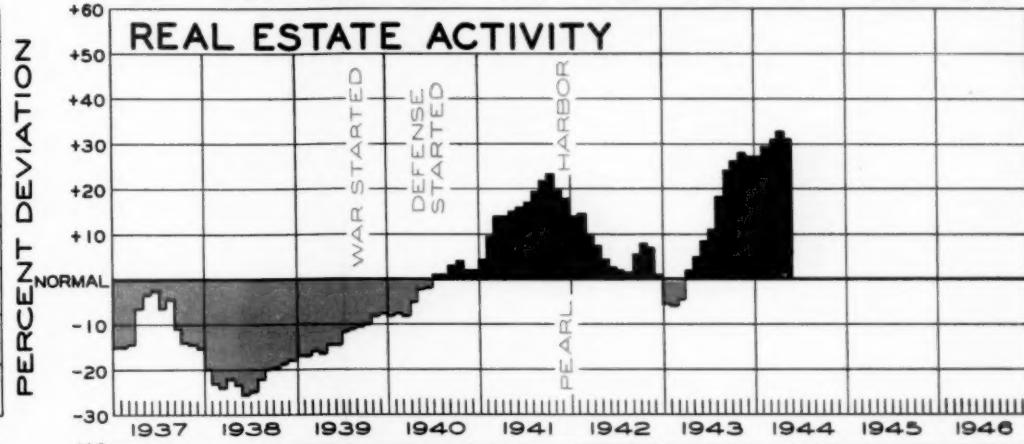
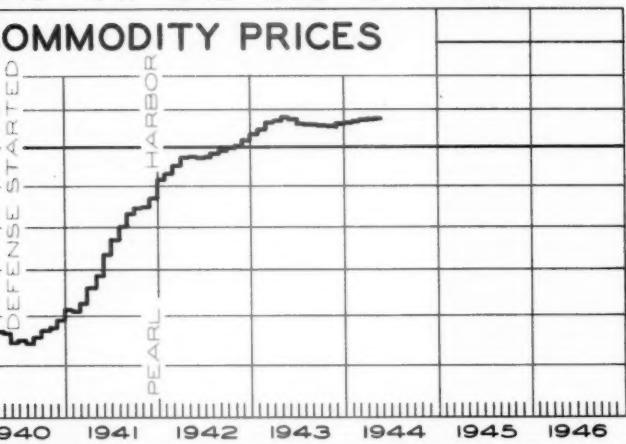
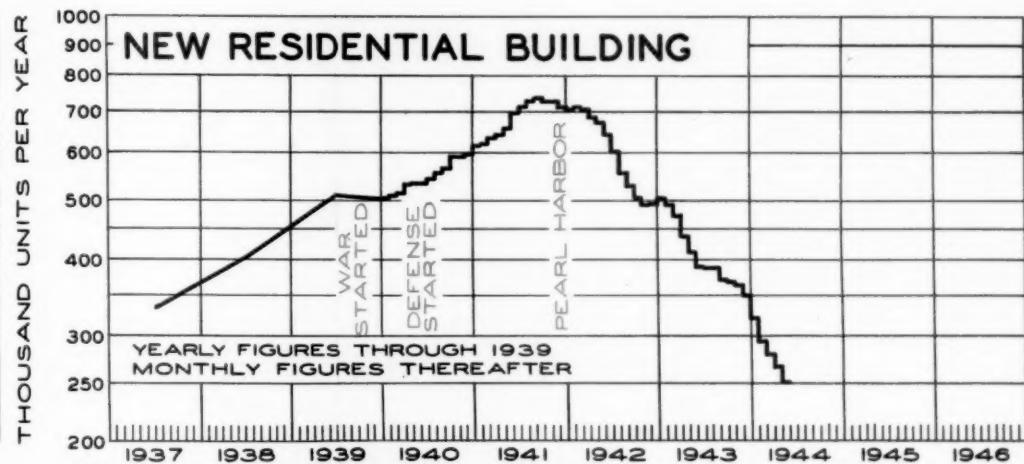
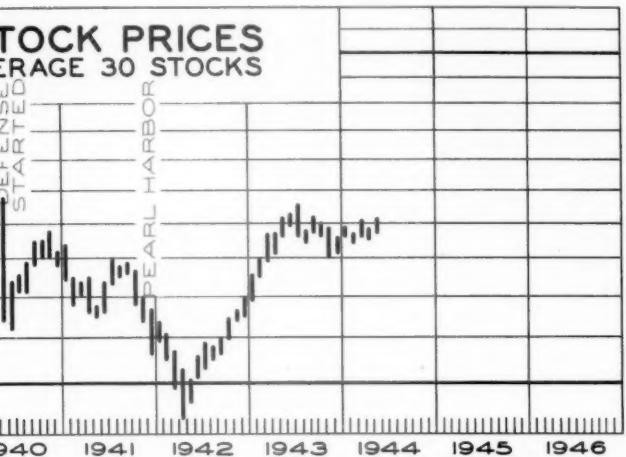
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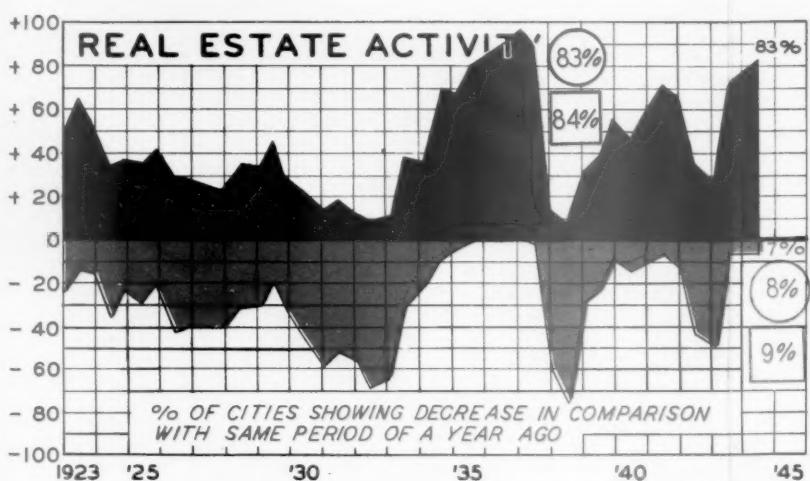
METERS OF AMERICAN BUSINESS

- ROY WENZLICK & CO. - 1944

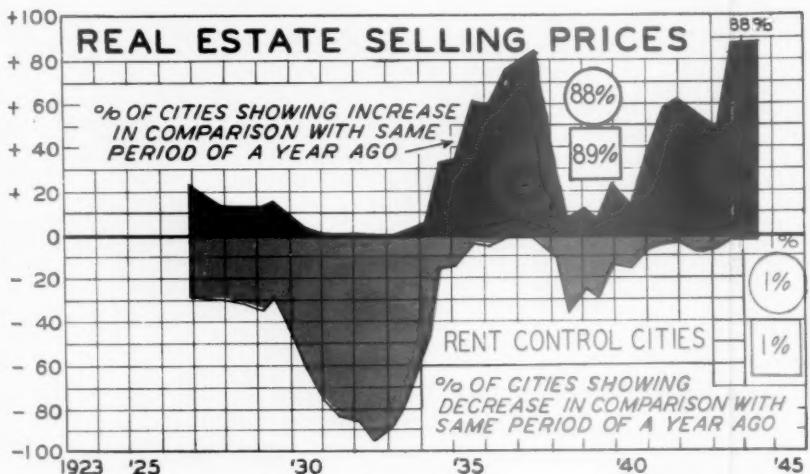




PERCENTAGE



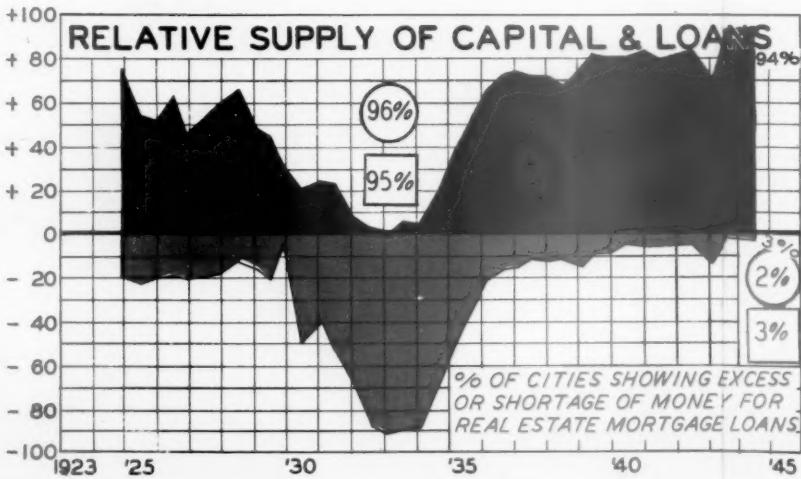
equal to those prevailing a year ago for any item can be derived by adding the increases and decreases together and subtracting from 100. The figures in the squares are the current figures for war industry areas only. The figures in the circles on the chart are for rent control cities only. At the present time it will be seen from the first chart that real estate activity in spite of rent control and limitations on sales is greater than a year ago in 83% of all reporting cities.



The second chart shows that real estate selling prices are above the level of a year ago in 88% of all cities and are below the level of a year ago in only 1% of all cities. This is the most universal rise in selling price since 1926 when the question was asked for the first time. Only 4 cities of the 376 reporting said that selling prices of real estate were lower than a year ago.

THE charts on this spread show the results of the semi-annual surveys of the real estate market made by the National Association of Real Estate Boards during the past 21 years. Replies were received from 376 cities.

The charts on these pages show in blue the percentage of cities reporting improved conditions in comparison with a year ago and in red the percentage of cities reporting conditions worse than a year ago. The percentage of cities in which conditions are estimated to be just equal to those prevailing a year ago for any item can be derived by adding the increases and decreases together and subtracting from 100. The figures in the squares are the current figures for war industry areas only. The figures in the circles on the chart are for rent control cities only. At the present time it will be seen from the first chart that real estate activity in spite of rent control and limitations on sales is greater than a year ago in 83% of all reporting cities. Ten cities reported real estate activity unchanged from a year ago. In war industry cities 84% reported it less than a year ago and 7% reported no change. The increase in real estate activity in comparison with the preceding year was not experienced in quite as many cities as it was during the short-lived boom of 1937 when approximately 95% of all cities reported an increase in activity in comparison with a year ago and none reported activity below a year ago.

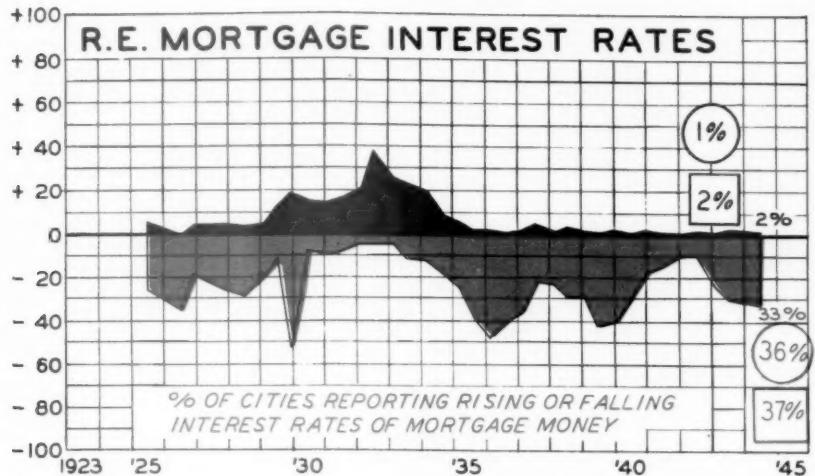


All of the cities reporting selling prices below a year ago had fewer than 25,000 population.

Apparently there is little difficulty in financing real estate at the present time. In 94% of all areas in the United States capital was reported seeking loans and in only 3% of the cities were loans seeking capital. This is the highest percentage of cities which ever reported capital seeking loans. This is shown by the chart to the left.

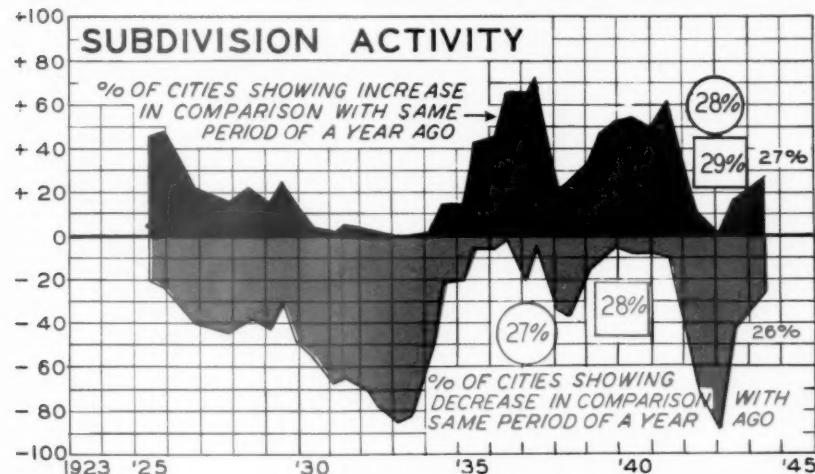
E OF CITIES REPORTING INCREASES OR DECE

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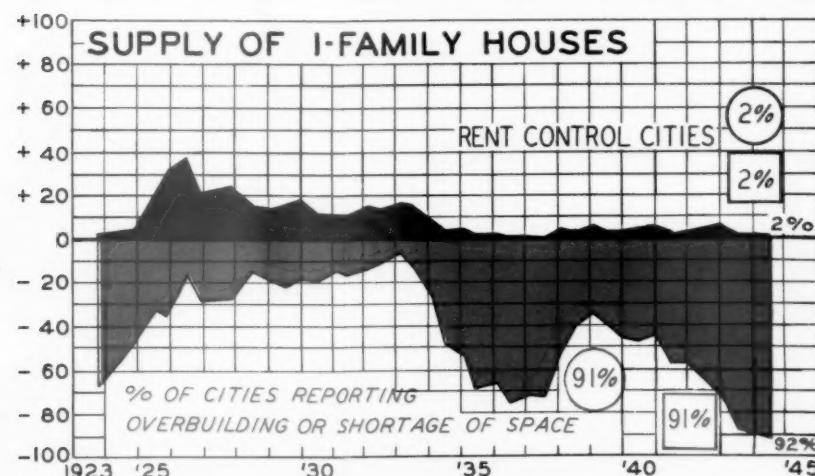


ported rising interest rates since 1935 and that the number reporting falling interest rates since that time has varied widely.

Since the United States entered the war, subdivision activity has been quite inactive but the comparison with a year ago is more favorable than it has been for the last two years.



Only 7 cities in the United States reported an over-supply of single-family residences in this report. This amounts to just 2% of the reporting cities. In 92% of all cities a shortage of single-family homes was reported. This is the largest percentage of cities ever reporting a shortage of single-family dwellings in any survey ever taken by the National Association of Real Estate Boards.



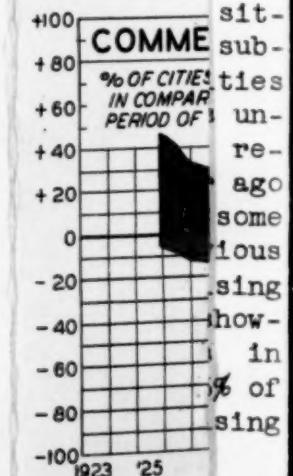
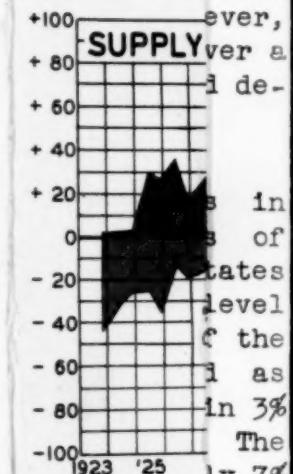
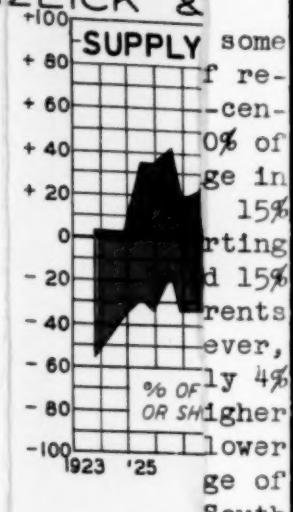
In one-third of the cities reporting mortgage interest rates were said to be falling. In 65% there was no change in comparison with a year ago and in only 2% were they said to be rising. The greatest tendency for interest rates to fall below a year ago is in the Central Atlantic Region. The least change in comparison with a year ago is in the Northwest States, where 81% of the cities reported no change in rate.

From the chart to the left it will be seen that very few cities have re-

tentional but the comparison with a year ago is more favorable than it has been for the last two years. 27% of all cities reported more activity in the subdivision market than a year ago; 26% reported less, leaving 47% reporting no change.

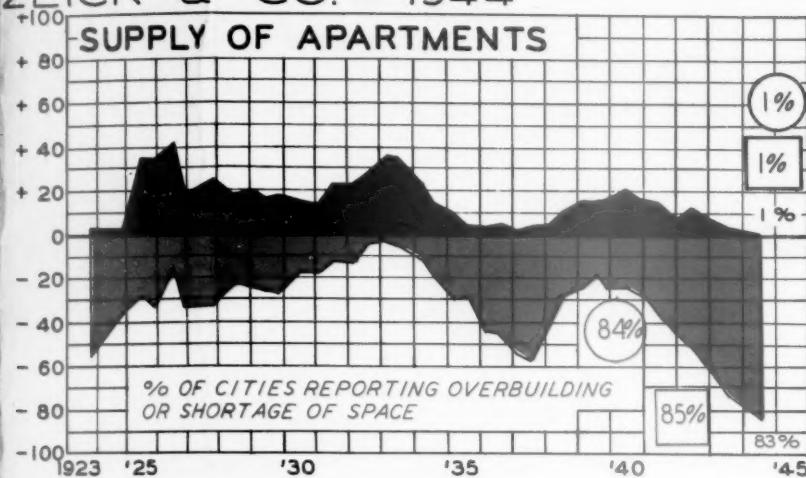
Many people believe that a building boom will start just as soon as the war is over and this feeling is responsible for a number of lot sales to families who expect to build in the post-war period. Subdivision activity will increase markedly as soon as the war in Europe is over.

The Southeastern States reported the greatest shortages, 98% of all cities reporting a shortage of single-family residences. In no area of the country did more than 3% of the cities report an over-supply. This situation seems to indicate that in the post-war period with returning servicemen the housing shortage will continue in most cities in spite of the loss of present population which some of these cities will experience due to the out-migration of war workers after war contracts are cancelled.



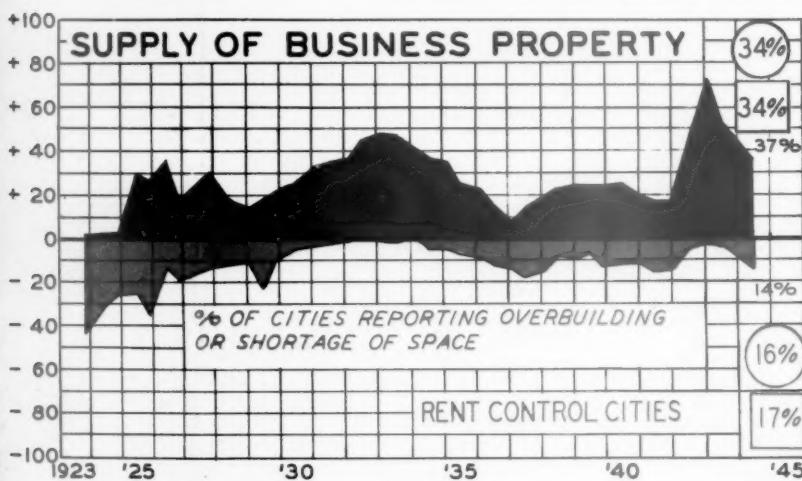
DECREASES IN VARIOUS REAL ESTATE

ZLICK & CO. - 1944



In only 1% of the cities of the United States was an over-supply of apartment space reported, and in 83% of the cities there was a shortage. This did not vary a great deal in rent control areas and in war industry areas but it did show some variation in various parts of the country. 94% of the cities in the Southeast reported a shortage while only 68% of the cities in the South Central area reported a shortage. The shortage was greatest in the larger cities and less severe in cities of from 100,000 to 200,000 population.

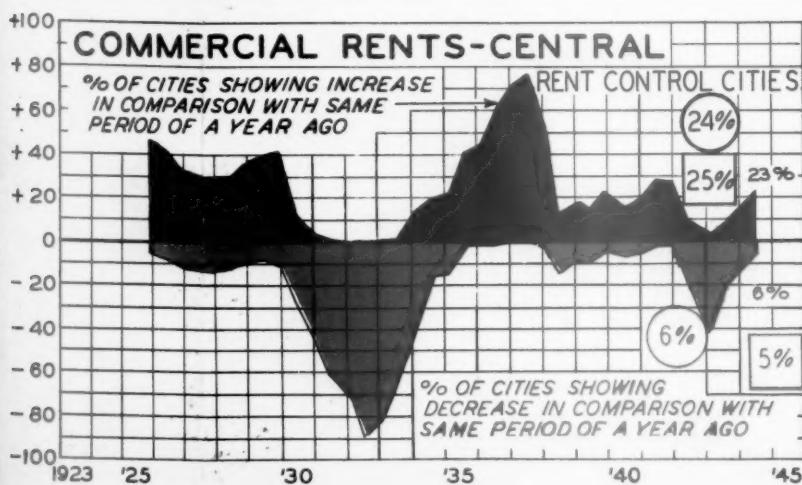
It is quite surprising that in spite of the shortage of merchandise, the over-supply of store properties is apparently less than it was six months ago. 37% of all cities reported an over-supply but in the preceding semi-annual report, 54% of the cities reported an over-supply. At the present time, 14% of the cities are reporting a shortage of retail business space, while six months ago only 3% reported a shortage.



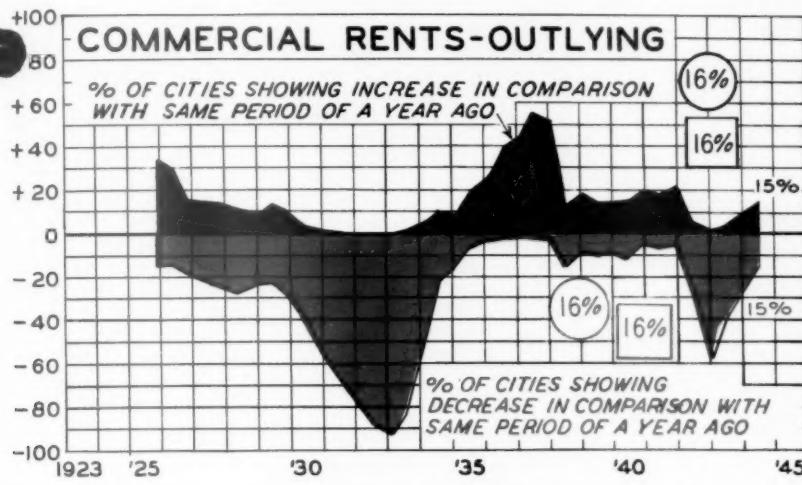
As would be supposed, the shortage is greatest in war industry areas and in the cities of the Southeast, particularly cities of from 100,000 to 200,000 population. No city of over 500,000 population reported a shortage and 60% of the cities with more than 500,000 people reported an over-supply of retail business space.

The trend of commercial rents is upward. In the central business district, no change in rents in comparison with a year ago and 5% lower rents. In the preceding survey of six months ago, only 8% of the cities reported higher rents, with 21% reporting lower rents. The largest increases again in the present survey were in the cities of the Southeast where 45% of the cities reported higher rents and only 4% lower rents. In the Southwest 42% of the cities reported higher rents and no cities reported lower rents. As a rule, the increases were greater in cities of from 200,000 to 500,000 people.

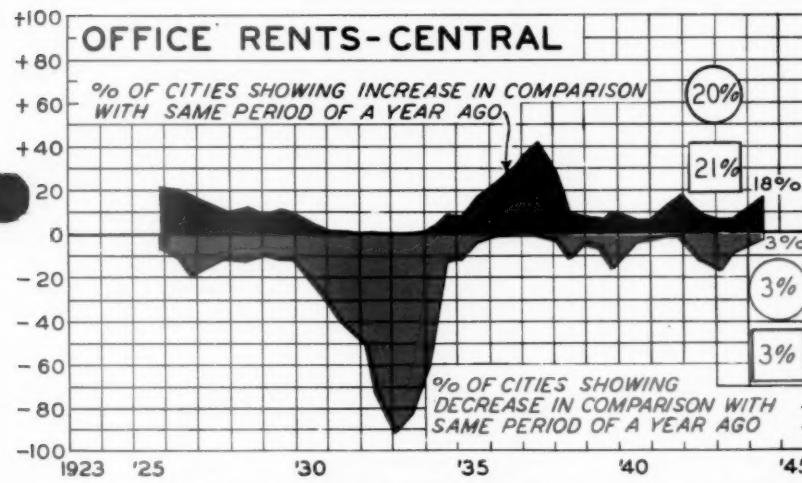
In view of the fact that during the big depression commercial rents fell sharply, the increases in most communities so far have not been alarming and are more than justified by the increased volume of dollar sales. On a percentage to sales basis, most store rents are not high in comparison with the experiences of the past. In a very few war communities, rents have increased greatly.



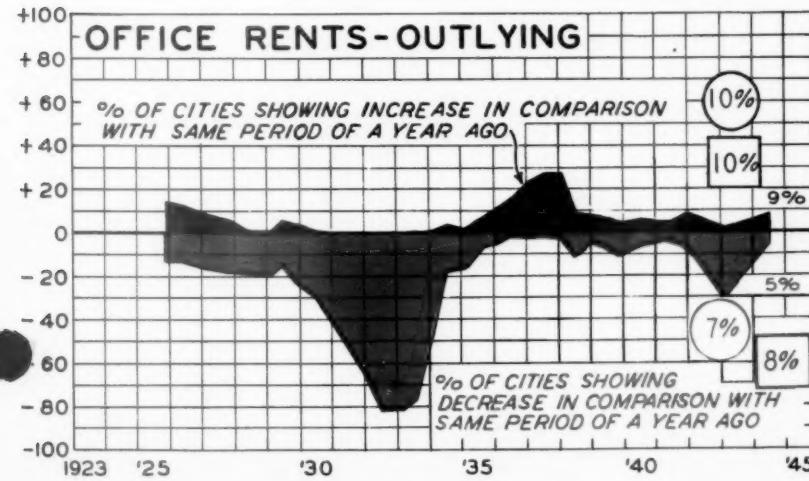
FACTORS



Increase in sub-center rents was in the cities of the Southwest, with the South Central and the Southeast next in order. The smallest percentage of increase was in the Great Lakes area and in New England. Cities of from 200,000 to 500,000 as a rule showed the largest percentage of increase. In 30% of these cities, rents were above a year ago while in only 5% were they below. In cities of over 500,000 people, however, only 7% showed increases over a year ago, while 20% showed decreases.



of the cities reporting higher rents with 85% reporting lower rents. Apparently the situation has improved slightly during the last six months. Office building space is apparently in greatest demand in cities of over 500,000 population, as 69% of these cities reported central office space rising in rental with none reporting a drop in comparison with a year ago. The



There has also been some improvement in the rents of retail store buildings in sub-center locations, although 70% of all cities report no change in comparison with a year ago. 15% of the cities are reporting higher sub-center rents and 15% are reporting sub-center rents lower than a year ago; however, in the preceding survey only 4% of all cities reported higher rents and 39% reported lower ones. The largest percentage of cities of the Southwest, with the South Central and the Southeast next in order. The smallest percentage of increase was in the Great Lakes area and in New England. Cities of from 200,000 to 500,000 as a rule showed the largest percentage of increase. In 30% of these cities, rents were above a year ago while in only 5% were they below. In cities of over 500,000 people, however, only 7% showed increases over a year ago, while 20% showed decreases.

Office building rents in central business districts of the cities of the United States are remaining on the same level as a year ago. In 18% of the cities, rents are reported as higher than a year ago and in 3% they are reported lower. The previous report showed only 7% reporting no change and 8% reporting lower rents. Apparently the situation has improved slightly during the last six months. Office building space is apparently in greatest demand in cities of over 500,000 population, as 69% of these cities reported central office space rising in rental with none reporting a drop in comparison with a year ago. The chart to the left shows the situation on office rents in sub-centers. In 85% of all cities these rents were reported as unchanged. In 9% they were reported as higher than a year ago and in 6%, lower. This is some improvement over the previous report which showed 3% rising and 23% falling. The best showing was made by sub-centers in cities of over 500,000. 25% of these cities reported rising rents and 56%, no change.

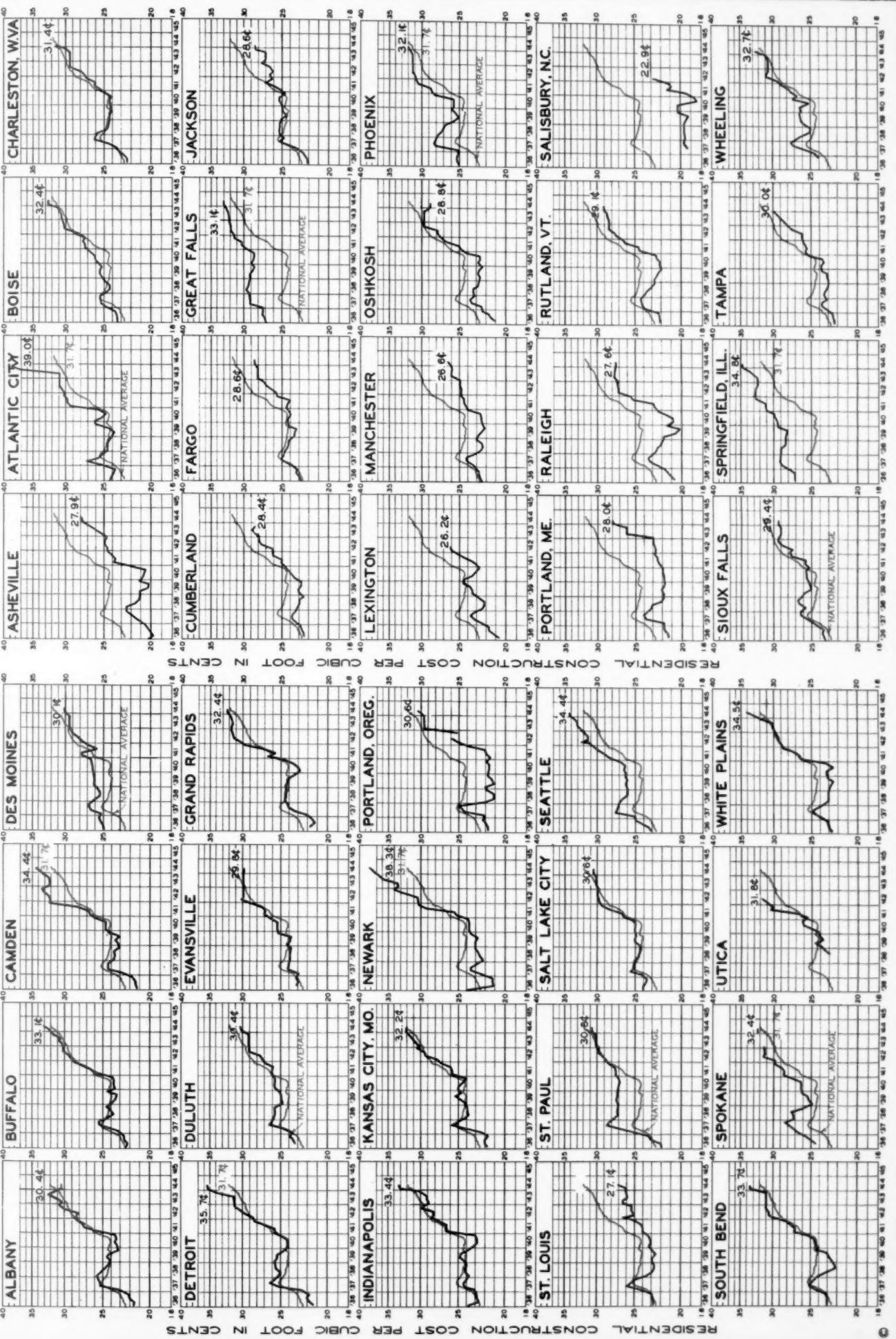
REAL ESTATE TRANSFERS IN PRINCIPAL CITIES

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RESIDENTIAL CONSTRUCTION COSTS PER CUBIC FOOT FOR A SIX-ROOM FRAME RESIDENCE

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